

HOTELEST LIMITED AND ITS SUBSIDIARIES

Abridged audited financial statements for the year ended 31 December 2018

STATEMENT OF PROFIT OR LOSS		COMMENTS				
	Dec 2018 Audited	Dec 2017 Audited				
THE GROUP - (MUR'000)			1. Principal activity			
Revenue	3,747,479	3,766,189	The only activity of Hotelest Limited is to hold 51% of the share capital of Constance Hotels Services Limited (CHSL).			
Earnings before interest, taxation, depreciation and amortisation	913,667	859,761	2. Consolidation and Accounting Standards			
Depreciation and amortisation	(457,155)	(469,665)	The abridged financial statements for the year ended 31 December 2018 is audited by BDO & Co. The financial statements comply with the Companies Act 2001 and has been prepared in accordance with International Financial Reporting Standards effective for the year under review.			
Operating profit	456,512	390,096	3. General Comments			
Finance costs	(324,323)	(331,468)	In 2018, Mauritius, Maldives and Seychelles, our main destinations, saw a weighted growth of 5.3% in tourist arrivals. Mauritius had a 4.3% increase with 1,399,287 arrivals (2017: 1,341,860), Maldives had a 6.8% increase with 1,484,272 arrivals (2017: 1,389,542) and Seychelles had a 3.4% increase with 361,844 arrivals (2017: 349,861).			
Profit before taxation	120,757	81,358	4. Results			
Share of results of associates	252,946	139,986	CHSL's strategy to improve rates on the Mauritian market was beneficial for the best part of the year albeit with reduced volumes in the 5 star luxury segment. The performance of CHSL's Mauritian properties was dampened by C Palmar. In the Maldives, demand was strong at the beginning of 2018, which slowed following the political instability experienced, with a subdued performance for the rest of the year due the increase in room supply and competition. In the Seychelles, improved air access had a positive impact on arrivals and CHSL's hotels' performance was excellent, recording 10% growth in RevPar.			
Profit before taxation and pre-opening expenses	(14,245)	(8,491)	Occupancy for all hotels, owned and managed, was 68% (2017: 72%). However, CHSL recorded an improved RevPar of MUR 10,213 (2017: MUR 9,839) and TrevPar of MUR 16,680 (2017: MUR 16,625). The Group consolidated revenue under IFRS 15, net of commissions payable, was MUR 3,747 million. Finance costs for the year were MUR 324 million (2017: MUR 331 million).			
Pre-opening expenses	238,701	131,495	CHSL's properties in Seychelles and Madagascar continued to fare well in 2018. The Group increased its equity participation in the Seychelles properties from 25.42% to 31.93% during the year. Included in the share of results from associates of MUR 121 million were certain non-recurring gains as a result of some restructuring.			
Profit before taxation	(28,598)	(58,892)	Profit for the year was MUR 210 million (2017: MUR 73 million) after accounting for tax of MUR 29 million (2017: MUR 59 million).			
Income tax expense	210,103	72,603	5. Outlook			
Profit for the year	98,250	26,199	During the first quarter of 2019 CHSL's operations in Mauritius and Maldives experienced a weaker demand due to the present global geopolitical situation combined with the reopening of the Caribbean region as a European winter sun destination. Projected demand for the second quarter is stable. Regarding Seychelles, the positive trend continues for the period and is expected to remain favorable for the next quarter.			
Attributable to:						
Owners of the parent	111,853	46,404				
Non-controlling interests	210,103	72,603				
Earnings per share (MUR)	1.76	0.47				
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
	Dec 2018 Audited	Dec 2017 Audited				
THE GROUP - (MUR'000)						
Profit for the year	210,103	72,603				
Other comprehensive income for the year	249,978	1,233,924				
Total comprehensive income for the year	460,081	1,306,527				
Attributable to:						
Owners of the parent	225,317	657,038				
Non-controlling interests	234,764	649,489				
	460,081	1,306,527				
STATEMENT OF FINANCIAL POSITION						
	Dec 2018 Audited	Dec 2017 Audited				
THE GROUP - (MUR'000)						
Assets						
Non-Current Assets						
Property, plant and equipment	8,091,359	8,296,015				
Intangible assets	1,131,970	1,147,427				
Investments in associates	1,616,805	1,142,851				
Investment in financial assets	-	545				
Financial assets at amortised cost	110,755	10,800				
Deferred tax assets	82,185	92,075				
	11,033,074	10,689,713				
Current Assets	1,417,837	1,486,337				
Total Assets	12,450,911	12,176,050				
Equity and Liabilities						
Owners' interest	3,106,037	2,906,445				
Non-controlling interests	3,030,963	2,857,485				
Total equity	6,137,000	5,763,930				
Non-Current Liabilities						
Borrowings	3,380,648	3,915,301				
Deferred tax liabilities	60,062	61,295				
Retirement benefit obligations	182,702	186,396				
	3,623,412	4,162,992				
Current Liabilities	2,690,499	2,249,128				
Total Liabilities	6,313,911	6,412,120				
Total Equity and Liabilities	12,450,911	12,176,050				
Net Asset Value per share (MUR)	55.54	51.97				
STATEMENT OF CASH FLOW						
	Dec 2018 Audited	Dec 2017 Audited				
THE GROUP - (MUR'000)						
Net cash generated from operating activities	314,504	442,162				
Net cash used in investing activities	(164,957)	(410,863)				
Net cash (used in)/generated from financing activities	(179,673)	4,543				
Net (decrease)/increase in cash and cash equivalents	(30,126)	35,842				
Cash and cash equivalents at beginning of the year	(406,071)	(441,913)				
Cash and cash equivalents at end of the year	(436,197)	(406,071)				
STATEMENT OF CHANGES IN EQUITY						
THE GROUP - (MUR'000)	Attributable to owners of the parent					
	Stated capital	Revaluation and other reserves	Retained earnings	Owners' interest	Non-controlling interests	Total
Balance at January 1, 2018	1,102,001	1,514,087	290,357	2,906,445	2,857,485	5,763,930
Profit for the year	-	-	98,250	98,250	111,853	210,103
Other comprehensive income for the year	-	127,067	-	127,067	122,911	249,978
Dividends	-	-	(25,725)	(25,725)	(61,286)	(87,011)
Balance at December 31, 2018	1,102,001	1,641,154	362,882	3,106,037	3,030,963	6,137,000
Balance at January 1, 2017	1,102,001	872,199	288,124	2,262,324	2,209,772	4,472,096
Issue of shares to non-controlling interests	-	-	-	-	20,010	20,010
Profit for the year	-	-	26,199	26,199	46,404	72,603
Other comprehensive income for the year	-	630,839	-	630,839	603,085	1,233,924
Transfer	-	11,049	(12,222)	(1,173)	(1,128)	(2,301)
Dividends	-	-	(11,744)	(11,744)	(20,658)	(32,402)
Balance at December 31, 2017	1,102,001	1,514,087	290,357	2,906,445	2,857,485	5,763,930
GEOGRAPHICAL INFORMATION						
THE GROUP (MUR'000)	Revenue from external customers		Non-current assets			
	Dec 2018	Dec 2017	Dec 2018	Dec 2017		
Mauritius	2,155,717	2,077,712	7,455,577	6,932,979		
Maldives	1,591,762	1,688,477	3,577,497	3,756,734		
Total	3,747,479	3,766,189	11,033,074	10,689,713		

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